



THE CITY OF SAN DIEGO

## **“HOME IN THE HEIGHTS”**

### **First-Time Homebuyer Program in City Heights**

#### **FACT SHEET**

The City of San Diego’s Redevelopment Agency and the City Heights Redevelopment Project Area Committee (PAC) developed the “Home in the Heights” program to encourage a larger degree of homeowner occupancy within the project area, as well as assist low- and moderate-income families to purchase a home. City Heights is one of San Diego’s most densely populated and lowest income neighborhoods. The “Home in the Heights” program allows residents, who most likely would not have been able, to purchase a home at an affordable price within the project area.

**Home in the Heights Program:** The City funds silent-second mortgages of up to \$30,000 per property to qualified borrowers purchasing a home for the first time within the City Heights Redevelopment Project Area. The Home in the Heights loan can be combined with San Diego Housing Commission funds, up to \$40,000, or with Price Charities funds, up to \$25,000.

**Project Area:** In 1998, San Diego voters approved Proposition MM to construct and improve schools within the San Diego Unified School District. Four new elementary schools in the City Heights Redevelopment area will displace several hundred residents. Additional residents will be displaced by other redevelopment projects within the City Heights community. Within all redevelopment project areas, twenty percent of the tax increment funds are set aside for affordable housing as well as the use of fifteen percent of all housing developed for low- and moderate-income residents.

**Program Goal:** The goal of the program is to assist residents of the City Heights Redevelopment Project Area, specifically those displaced by new public schools and redevelopment projects, to purchase and occupy homes within the Project Area. Increased homeowner occupancy rate has been identified as an important factor in increasing neighborhood stability and improvement of local housing stock.

**Eligibility and Requirements:** All residents of the City Heights Redevelopment Project Area may qualify for the “Home in the Heights” silent-second mortgage, with priority given to those participants eligible for relocation assistance as a result of displacement by the San Diego Unified School District from new school sites, by the Redevelopment Agency as a result of Redevelopment Projects or by Price Charities as a result of their development projects within the project area.

- Those eligible for the program must be either a resident within the project area or a City of San Diego employee, police officer, firefighter, teacher working within City Heights, employee from nonprofit organizations or public employee working within City Heights. Priority will be given to those displaced by new public schools and redevelopment projects.
- Participants household income may not exceed 100% of the San Diego region median income
- Participants are required to participate in home-ownership classes

## Limitations, Terms and Conditions of the Silent-Second

- Borrower is required to provide a minimum down payment of 3% of the purchase price.
- The silent-second mortgage must be in an amount from \$5,000 to \$30,000 and cannot exceed 20% of the purchase price of the home.
- Affordability is defined as not requiring the resident to pay more than 30% of the household income for monthly housing mortgage payments.
- No silent-second funds may be used to improve a property.
- The annual percentage rate of 5% interest accrues on the second mortgage.
- After five years the amount of total interest due decreases by 20 percent per year, so that after ten years the entire interest is forgiven.
- After ten years the principle decreases 20 percent per year, so that after fifteen years the entire principle is forgiven.
- Upon sale of the home or refinancing of the original loan amount, the silent-second mortgage principle and any accrued interest is due unless a new home is purchased as a primary residence in the project area. The principle and interest would then be carried over to the second property.
- The first mortgage loan must be for a 30-year term at a fixed interest with the most favorable terms available.
- All properties must be inspected for termites and related damage by an approved inspector.
- Buyer must obtain one-year home protection policy.
- Eligible units are single family homes within the project area.
- The unit must be owner occupied and will require re-certification by the homeowner annually.
- There is no minimum household size.

**Operation of program:** The City of San Diego Redevelopment Agency has contracted San Diego Neighborhood Housing Services (NHS) to manage the “Home in the Heights” program. NHS will provide:

- Outreach, Implementation and Administration of program
- Monitoring throughout the term of the loan

## Funding

- \$350,000 of currently budgeted City Heights Redevelopment tax increment affordable housing funds
- \$48,000 allocated for the contract with NHS

## For More Information

**Home in the Heights Eligibility:** San Diego Neighborhood Housing Services: 619-282-6647, [www.sandiegons.org](http://www.sandiegons.org)

**Affordable Housing Programs:** San Diego Housing Commission: 619-231-9400, [www.sdhc.org](http://www.sdhc.org)

**City Height Redevelopment:** Community & Economic Development /Redevelopment Agency: 619-533-4233, [www.sandiego.gov/redevelopment-agency/](http://www.sandiego.gov/redevelopment-agency/)

